

**ImagineAbility Inc.**  
**Non-Consolidated Financial Statements**  
*March 31, 2021*

## Independent Auditor's Report

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To the Directors of ImagineAbility Inc.:

### Opinion

We have audited the non-consolidated financial statements of ImagineAbility Inc. (the "Organization"), which comprise the non-consolidated statement of financial position as at March 31, 2021, and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Organization as at March 31, 2021, and the results of its non-consolidated operations and its non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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TRUE NORTH SQUARE

242 HARGRAVE STREET, SUITE 1200, WINNIPEG MB, R3C 0T8

1.877.500.0795 T: 204.775.4531 F: 204.783.8329 MNP.ca

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba

June 22, 2021

*MNP* LLP

Chartered Professional Accountants

**ImagineAbility Inc.**  
**Non-Consolidated Statement of Financial Position**  
*As at March 31, 2021*

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>2021</i>	<i>2020</i>
<b>Assets</b>				
<b>Current</b>				
Cash (Note 3)	481,002	-	481,002	480,157
Portfolio investments (Note 4)	-	1,881,644	1,881,644	1,850,668
Accounts receivable	264,464	-	264,464	95,790
Goods and services tax receivable	7,641	-	7,641	4,728
Government subsidies and grant receivables (Note 5)	140,038	-	140,038	32,071
Interest receivable	-	22,353	22,353	21,478
Prepaid expenses	41,256	-	41,256	60,854
Inventory (Note 6)	7,691	-	7,691	8,618
Interfund receivable (payable) (Note 7)	353,985	(353,985)	-	-
	<b>1,296,077</b>	<b>1,550,012</b>	<b>2,846,089</b>	<b>2,554,364</b>
<b>Capital assets (Note 8)</b>	-	<b>33,353</b>	<b>33,353</b>	<b>215,611</b>
<b>Investments (Note 9)</b>	-	<b>323,736</b>	<b>323,736</b>	<b>266,607</b>
<b>Investment in Opportunity Partners Ltd. (Note 10)</b>	-	<b>100</b>	<b>100</b>	<b>100</b>
<b>Loan receivable from Opportunity Partners Ltd. (Note 10)</b>	-	<b>75,000</b>	<b>75,000</b>	<b>175,000</b>
	<b>1,296,077</b>	<b>1,982,201</b>	<b>3,278,278</b>	<b>3,211,682</b>
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	269,359	-	269,359	230,029
Deferred revenue (Note 11)	-	-	-	1,395
Advance from Province of Manitoba (Note 12)	77,900	-	77,900	77,900
	<b>347,259</b>	<b>-</b>	<b>347,259</b>	<b>309,324</b>
<b>Net Assets</b>				
Restricted	-	1,982,201	1,982,201	2,179,538
Unrestricted	948,818	-	948,818	722,820
	<b>948,818</b>	<b>1,982,201</b>	<b>2,931,019</b>	<b>2,902,358</b>
	<b>1,296,077</b>	<b>1,982,201</b>	<b>3,278,278</b>	<b>3,211,682</b>

Approved on behalf of the Board

"Robert Olson"  
 Director

"Trevor Paradoski"  
 Director

The accompanying notes are an integral part of these non-consolidated financial statements

**ImagineAbility Inc.**  
**Non-Consolidated Statement of Operations**  
*For the year ended March 31, 2021*

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>2021</i>	<i>2021 Budget (unaudited)</i>	<i>2020</i>
<b>Revenue</b>					
Province of Manitoba - Department of Family Services					
Day of service per diem	580,193	-	580,193	4,983,589	3,634,736
Redeployment	1,483,317	-	1,483,317	-	-
Laid off	28,042	-	28,042	-	-
Bus passes	29,257	-	29,257	110,233	85,724
Transportation	38,252	-	38,252	135,042	-
Pension and benefits	126,239	-	126,239	89,705	126,239
Administration	11,541	-	11,541	-	135,461
Payroll tax	37,046	-	37,046	122,000	39,083
Grants	128,264	-	128,264	37,317	37,823
Business sales and services	226,305	-	226,305	160,000	710,718
Other income <i>(Note 13)</i>	103,208	24,485	127,693	488,943	205,597
	2,791,664	24,485	2,816,149	6,126,829	4,975,381
<b>Expenses</b>					
Amortization	-	182,258	182,258	-	310,799
Client bus passes	23,731	-	23,731	110,233	85,724
Client living stipend	-	-	-	86,868	333,480
Client transportation	45,749	-	45,749	135,042	66,284
Equipment	20,326	-	20,326	135,500	14,407
Events and activities	949	-	949	32,688	57,176
Facilities cost	627,912	-	627,912	597,716	706,169
IT upgrade and cable	38,436	-	38,436	130,040	16,862
Insurance	47,641	-	47,641	20,800	37,148
Interest and bank charges	3,106	4,435	7,541	3,060	10,323
Postage and courier	16,350	-	16,350	36,811	10,785
Products and supplies	102,029	-	102,029	111,243	240,569
Professional fees	57,503	-	57,503	74,500	66,896
Program net costs	8,320	-	8,320	864,746	16,364
Recruitment, training and development	9,335	-	9,335	77,500	42,942
Salaries	2,493,568	-	2,493,568	4,559,931	2,887,908
Telephone and communications	27,809	-	27,809	46,440	29,351
Travel	5,724	-	5,724	39,538	7,394
	3,528,488	186,693	3,715,181	7,062,656	4,940,581
<b>Excess (deficiency) of revenue over expenses before other items</b>	<b>(736,824)</b>	<b>(162,208)</b>	<b>(899,032)</b>	<b>(935,827)</b>	<b>34,800</b>
<b>Other items</b>					
Impairment of loan receivable from Opportunity Partners Ltd. <i>(Note 10)</i>	-	(100,000)	(100,000)	-	-
Gain (loss) on investments	-	64,871	64,871	-	(26,948)
Government stimulus <i>(Note 5)</i>	962,822	-	962,822	935,827	-
	962,822	(35,129)	927,693	935,827	(26,948)
<b>Excess (deficiency) of revenue over expenses</b>	<b>225,998</b>	<b>(197,337)</b>	<b>28,661</b>	<b>-</b>	<b>7,852</b>

The accompanying notes are an integral part of these non-consolidated financial statements

**ImagineAbility Inc.**  
**Non-Consolidated Statement of Changes in Net Assets**  
*For the year ended March 31, 2021*

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	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>2021</i>	<i>2020</i>
<b>Net assets, beginning of year</b>	<b>722,820</b>	<b>2,179,538</b>	<b>2,902,358</b>	2,894,506
<b>Excess (deficiency) of revenue over expenses</b>	<b>225,998</b>	<b>(197,337)</b>	<b>28,661</b>	7,852
<b>Net assets, end of year</b>	<b>948,818</b>	<b>1,982,201</b>	<b>2,931,019</b>	2,902,358

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*The accompanying notes are an integral part of these non-consolidated financial statements*

**ImagineAbility Inc.**  
**Non-Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	28,661	7,852
Amortization of capital assets	182,258	310,799
Unrealized gain (loss) on investments	(52,937)	26,948
Impairment of loan receivable from Opportunity Partners Ltd.	100,000	-
	<b>257,982</b>	<b>345,599</b>
Changes in working capital accounts		
Accounts payable and accrued liabilities	39,331	27,588
Accounts receivable	(168,674)	18,829
Deferred revenue	(1,395)	(10,350)
Goods and services tax receivable	(2,913)	(469)
Interest receivable	(875)	3,869
Inventory	927	1,785
Other receivables	(107,967)	(7,146)
Prepaid expenses	19,598	9,826
	<b>36,014</b>	<b>389,531</b>
<b>Investing</b>		
Repayment of loan receivable from Opportunity Partners Ltd.	-	25,000
Purchase of portfolio investments	(35,169)	(63,894)
Purchase of capital assets	-	(49,861)
	<b>(35,169)</b>	<b>(88,755)</b>
<b>Increase in cash resources</b>	<b>845</b>	<b>300,776</b>
<b>Cash resources, beginning of year</b>	<b>480,157</b>	<b>179,381</b>
<b>Cash resources, end of year</b>	<b>481,002</b>	<b>480,157</b>

The accompanying notes are an integral part of these non-consolidated financial statements

**1. Purpose of the organization**

ImagineAbility Inc. (the "Organization") is a not-for-profit organization whose mission statement is "To support the independence, abilities and aspirations of individuals living with a disability". The Organization was incorporated without share capital in 1978 and is a registered charity under the Income Tax Act (Canada).

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

***Fund accounting***

The Organization follows the restricted fund method of accounting for contributions.

a) Operating Fund

Revenue and expenses related to Organization's program delivery and administrative activities, less amounts allocated to the Capital Fund, are reported in the Operating Fund.

b) Capital Fund

The Capital Fund reports the assets, liabilities, revenue and expenses related to the Organization's capital assets and investments.

***Cash***

Cash includes balances with banks and short-term investments with original maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

***Inventory***

Inventory consists of supplies and is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business.

***Investments***

Investments are portfolio investments recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. They have been classified as long-term assets in concurrence with the nature of the investment.

The Organization's investment in its wholly-owned subsidiary, Opportunity Partners Ltd., is accounted for using the cost method. All transactions with the subsidiary are disclosed as related party transactions.

***Capital assets***

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. The Organization provides for amortization using the straight-line method at rates intended to write-off the cost of the asset over its estimated useful life as follows:

	<b>Rate</b>
Machinery and equipment	5 years
Office equipment	5 years
Leasehold improvements - Madison	over term of lease
Leasehold improvements - William	over term of lease



**2. Significant accounting policies** *(Continued from previous page)*

**Revenue recognition**

Restricted contributions related to general operating activities are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Restricted contributions related to the Capital Fund are recognized as revenue when received in the Capital Fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**Government assistance**

Claims for assistance under various government grant programs are recorded in revenue in the period in which eligible expenditures are incurred and collection is reasonably assured.

**Contributed materials**

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased. Total in-kind donations recorded in the financial statements is \$4,250 (2020 - \$nil).

**Leases**

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a declining balance basis, over their estimated useful lives estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

**Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

Accounts receivable and loan receivable from Opportunity Partners Ltd. are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. The Organization currently has no allowance for doubtful accounts for accounts receivable. An allowance has been recorded for the loan receivable from Opportunity Partners Ltd. as disclosed in Note 10. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

**2. Significant accounting policies** *(Continued from previous page)*

***Financial instruments***

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

***Financial asset impairment***

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

**3. Cash**

The Organization has an authorized operating line of credit of \$100,000 (2020 - \$100,000), unsecured, bearing interest at prime plus 0.5% (2020 - prime plus 0.5%) for an effective interest rate, at March 31, 2021 of 2.95% (2020 - 2.95%).

**ImagineAbility Inc.**  
**Notes to the Non-Consolidated Financial Statements**  
*For the year ended March 31, 2021*

**4. Portfolio investments**

	<i>2021</i>	<i>2020</i>
Cash in securities account, at fair value	<b>1,081,644</b>	502,668
Guaranteed investment certificates, bearing interest between 0.61% and 1.58% (2020 - 2.10% - 3.02%) per annum, maturing between May 2021 and November 2021 (2020 - April 2020 and February 2021), at fair value	<b>800,000</b>	1,348,000
	<b>1,881,644</b>	1,850,668

**5. Government assistance**

During the year, the Organization applied for the Canada Emergency Wage Subsidy (CEWS) and the Canada Emergency Rent Subsidy (CERS) from the Government of Canada as part of Canada's COVID-19 Economic Response Plan to support Canadians and protect jobs during the global COVID-19 pandemic. The total CEWS applied for was \$862,051 of which \$771,184 was received during the year and the remaining balance of \$90,867 was receivable as at March 31, 2021. The total CERS applied for was \$100,771 of which \$88,159 was received during the year and the remaining balance of \$12,612 was receivable as at March 31, 2021. These subsidies are accounted for as revenue.

**6. Inventory**

	<i>2021</i>	<i>2020</i>
Raw materials and supplies	<b>7,691</b>	8,618

The cost of inventories recognized as an expense and included in expenses amounted to \$43,104 (2020 – \$135,816).

**7. Interfund receivable (payable)**

Income and expenses incurred in one fund on behalf of the other are accounted for in the Interfund receivable (payable) on the statement of financial position. The receivable (payable) has no specific terms of repayment and bears no interest.

**8. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>
Machinery and equipment	<b>822,583</b>	<b>822,583</b>	-
Office equipment	<b>546,924</b>	<b>533,512</b>	13,412
Leasehold improvements - Madison	<b>1,998,572</b>	<b>1,998,572</b>	-
Leasehold improvements - William	<b>1,192,614</b>	<b>1,172,673</b>	19,941
	<b>4,560,693</b>	<b>4,527,340</b>	<b>33,353</b>

**ImagineAbility Inc.**  
**Notes to the Non-Consolidated Financial Statements**  
*For the year ended March 31, 2021*

**8. Capital assets** (Continued from previous page)

	Cost	Accumulated amortization	2020 Net book value
Machinery and equipment	822,583	822,583	-
Office equipment	546,924	525,572	21,352
Leasehold improvements - Madison	1,998,572	1,847,435	151,137
Leasehold improvements - William	1,192,614	1,149,492	43,122
	4,560,693	4,345,082	215,611

**9. Investments**

	2021	2020
Winnipeg Foundation Managed Fund, at fair value	323,736	266,607

**10. Investment in Opportunity Partners Ltd.**

***Profit-oriented subsidiary accounted for using the cost method***

The Organization holds an investment in the following profit-oriented subsidiary, which is accounted for using the cost method:

	% Ownership	2021	2020
Opportunity Partners Ltd.	100.00 %	100	100

The Organization purchased 100% of the Class A common shares of Opportunity Partners Ltd ("OPL") for \$100. OPL is a for profit corporation that is operated by an independent Board of Directors. OPL prepares its financial statements in accordance with Canadian accounting standards for private enterprises.

As of March 31, 2021 there is a gross loan receivable amount of \$475,000 (2020 - \$475,000) from OPL that is secured by OPL's assets which consist of the 9 cavity molds, Hold-It trademarks for Canada and the USA and customer accounts and bears interest at 2% (2020 - 2%). Financial uncertainty exists for OPL as it has incurred recurring operating losses, resulting in a significant deficit and working capital deficiency. It is management's view that the loan receivable from OPL may not be fully collectible and therefore an allowance of \$400,000 (2020 - \$300,000) has been recognized as at March 31, 2021.

**ImagineAbility Inc.**  
**Notes to the Non-Consolidated Financial Statements**  
*For the year ended March 31, 2021*

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**10. Investment in Opportunity Partners Ltd. (Continued from previous page)**

Summary of financial information of OPL is as follows:

	<i>Year ended December 31 2020</i>	<i>Year ended December 31 2019</i>
<b>Financial Position</b>		
Total assets	295,173	265,977
Total liabilities	829,354	777,579
<hr/>		
Total shareholder's equity (deficit)	<b>(534,181)</b>	(511,602)
<b>Results of Operations</b>		
Total revenue	372,811	307,048
Total expenses	395,390	277,159
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Net income (loss)	<b>(22,579)</b>	29,889
<b>Cash Flows</b>		
Operating activities	13,750	37,107
Financing activities	-	(25,000)
<hr/>		
Increase (decrease) in cash	<b>13,750</b>	12,107

**11. Deferred revenue**

Deferred revenue consists of sponsorships for the dinner and dance held annually in the spring, which was refunded in the current year for a net balance of \$nil.

**12. Advance from Province of Manitoba**

The Organization received a working capital advance from the Manitoba Department of Family Services. This advance is non-interest bearing and repayable on demand.

**13. Other income**

Other income is comprised of cash donations and grants, services, interest income, and administration recovery.

**14. Related party transactions**

a) The Organization has an economic interest in Versatech Charitable Foundation Inc. ("VCFI"). VCFI was formed, among other purposes to provide a capital base for present and future needs of the Organization.

VCFI holds in trust \$58,459 (2020 - \$58,459), of the benefits of which are currently available for transfer to the Organization upon VCFI Board approval. The funds held in trust consist of marketable securities with a fair market value of \$83,394 at March 31, 2021.

The Organization leases a building and land from VCFI, at an annual rent of \$1. This lease expired in 2020 and has been renewed on a month to month basis. The Organization also bears the operating costs in relation to the building.

b) As at March 31, 2021 there is \$25,595 (2020 - \$4,264) in accounts receivable and an interest bearing loan receivable in the net amount of \$175,000 (2020 - \$200,000) from Opportunity Partners Ltd. ("OPL"). In the normal course of business, the Organization has the following related party transactions with OPL:

	2021	2020
<b>Revenues</b>		
Community based services	2,640	22,010
Warehouse rent	12,014	12,093
Administration recovery (management consulting fees)	25,924	22,600
Interest	9,500	9,574
	50,078	66,277

**15. Endowment fund**

On October 26, 2000, the Organization established the ImagineAbility Inc. Endowment Fund with the Winnipeg Foundation for the purpose of providing an annual grant to support the activities of the Organization. The endowment fund is not presented in these financial statements. Interest earned on this fund is reinvested into the fund on an annual basis. The market value of the fund at March 31, 2021 is \$109,541 (2020 - \$90,098).

**16. Operating leases**

The Organization leases property at 500 Madison Street. The lease expires December 31, 2021 and requires an annual rental payment of \$257,659 plus realty taxes, management fees and building insurance.

**17. Defined contribution pension plan**

The Organization has a Canadian defined contribution plan, which both the Organization and employees make contributions at a minimum of 2% to a maximum of 6% of employees earnings. The total pension expense for the current year amounted to \$82,813 (2020 - \$94,125).

**18. Contingencies**

The Organization is subject to recoveries of funding according to the agreement with the Province of Manitoba Department of Families that provided funding during the year. At year-end, it was not yet determined to what extent any funding revenue might be recovered as recoveries are subject to approval by the Province of Manitoba Department of Families.

**19. Financial instruments**

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

**Credit risk**

Credit risk exists where a significant portion of the portfolio is invested in securities which have similar characteristics or obey similar variations relating to economic or political conditions. The Managed Fund is invested as part of the Consolidated Trust Fund of the Winnipeg Foundation. The Managed Fund remains the property of the Organization and the capital may be returned to the Organization with appropriate notice by either party.

**20. Reconciliation of Manitoba Family Services and Labour Funding**

	2021	2020
<b>Province of Manitoba - Department of Family Services</b>		
Madison	337,267	2,533,768
William	242,926	1,100,968
	580,193	3,634,736
<b>Other Grants</b>		
Administration	11,541	135,461
Pension and benefits rebate	126,239	126,239
Payroll tax rebate	37,046	39,083
Bus pass revenue	29,257	85,724
Redeployment revenue	1,483,317	-
Transportation revenue	38,252	-
Laid off revenue	28,042	-
	1,753,694	386,507
Accounts receivable at year-end	-	1,387
Other adjustments	-	1,455
	-	2,842
<b>Manitoba Family Services and Labour per grant confirmation</b>	<b>2,333,887</b>	<b>4,024,085</b>

**21. Significant event**

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and not-for-profit organizations through the restrictions put in place by the federal, provincial and municipal governments regarding travel, business operations, and quarantine orders.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are entirely uncertain and thus cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread and duration of the outbreak, including the duration and extent of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to combat the spread of the virus.

**22. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.

**ImagineAbility Inc.**  
**Schedule 1 - Non-Consolidated Schedule of Madison Support Programs**  
**Revenues and Expenses**  
*For the year ended March 31, 2021*

	2021 <i>(Unaudited)</i>	2020 <i>(Unaudited)</i>
<b>Revenue</b>		
Province of Manitoba - Department of Family Services		
Day of service per diem	337,267	2,533,768
Redeployment	905,193	-
Laid off	20,323	-
Bus passes	29,257	85,724
Transportation	494	-
Grants	37,820	37,823
	<b>1,330,354</b>	<b>2,657,315</b>
<b>Expenses</b>		
Client bus passes	23,731	85,724
Client living stipend	-	265,574
Client transportation	3,375	21,713
Equipment leases	412	-
Facilities cost	568,431	637,536
IT upgrade and cable	38,436	16,862
Insurance	35,258	28,557
Postage and courier	5,960	1,087
Products and supplies	12,496	47,276
Professional fees	57,503	66,896
Program net costs	1,820	15,708
Recruitment, training and development	9,335	42,942
Salaries	1,178,531	1,509,897
Telephone and communications	27,809	29,351
Travel	4,866	4,851
	<b>1,967,963</b>	<b>2,773,974</b>
<b>Deficiency of revenue over expenses before other items</b>	<b>(637,609)</b>	<b>(116,659)</b>
<b>Other items</b>		
Government stimulus <i>(Note 5)</i>	560,302	-
<b>Deficiency of revenue over expenses</b>	<b>(77,307)</b>	<b>(116,659)</b>



**ImagineAbility Inc.**  
**Schedule 2 - Non-Consolidated Schedule of William Support Programs**  
**Revenues and Expenses**  
*For the year ended March 31, 2021*

	<b>2021</b> <i>(Unaudited)</i>	<b>2020</b> <i>(Unaudited)</i>
<b>Revenue</b>		
Province of Manitoba - Department of Family Services		
Day of service per diem	<b>242,926</b>	1,100,968
Redeployment	<b>578,124</b>	-
Laid off	<b>7,719</b>	-
Transportation	<b>37,758</b>	-
Private fee for service	<b>1,207</b>	57,933
	<b>867,734</b>	1,158,901
<b>Expenses</b>		
Client living stipend	-	67,906
Client transportation	<b>42,373</b>	44,571
Facilities cost	<b>59,482</b>	68,633
Insurance	<b>7,169</b>	5,590
Products and supplies	<b>3,610</b>	11,173
Program net costs	-	284
Salaries	<b>794,713</b>	855,155
	<b>907,347</b>	1,053,312
<b>Excess (deficiency) of revenue over expenses before other items</b>	<b>(39,613)</b>	105,589
<b>Other items</b>		
Government stimulus <i>(Note 5)</i>	<b>337,548</b>	-
<b>Excess of revenue over expenses</b>	<b>297,935</b>	105,589

**ImagineAbility Inc.**  
**Schedule 3 - Non-Consolidated Schedule of Administration**  
**Revenues and Expenses**  
*For the year ended March 31, 2021*

	<b>2021</b> <i>(Unaudited)</i>	<b>2020</b> <i>(Unaudited)</i>
<b>Revenue</b>		
Province of Manitoba - Department of Family Services		
Pension and benefits	<b>126,239</b>	126,239
Administration	<b>11,541</b>	135,461
Payroll tax	<b>37,046</b>	39,083
Grants	<b>90,444</b>	-
Other income	<b>67,518</b>	41,437
	<b>332,788</b>	342,220
<b>Expenses</b>		
Equipment leases	<b>8,052</b>	7,336
Events and activities	<b>949</b>	57,176
Insurance	<b>5,215</b>	3,001
Products and supplies	<b>12,609</b>	11,767
Interest and bank charges	<b>3,106</b>	10,323
Program net costs	<b>6,500</b>	372
Salaries	<b>510,490</b>	522,855
Travel	<b>858</b>	2,543
	<b>547,779</b>	615,373
<b>Deficiency of revenue over expenses before other items</b>	<b>(214,991)</b>	(273,153)
<b>Other items</b>		
Government stimulus <i>(Note 5)</i>	<b>41,329</b>	-
<b>Deficiency of revenue over expenses</b>	<b>(173,662)</b>	(273,153)

**ImagineAbility Inc.**  
**Schedule 4 - Non-Consolidated Schedule of Capital Fund**  
**Revenues and Expenses**  
*For the year ended March 31, 2021*

	<b>2021</b> <i>(Unaudited)</i>	<b>2020</b> <i>(Unaudited)</i>
<b>Revenue</b>		
Private fee for service	<b>24,485</b>	69,486
<b>Expenses</b>		
Amortization	<b>182,258</b>	310,799
Interest and bank charges	<b>4,435</b>	-
	<b>186,693</b>	310,799
<b>Deficiency of revenue over expenses before other items</b>	<b>(162,208)</b>	(241,313)
<b>Other items</b>		
Impairment of loan receivable from Opportunity Partners Ltd.	<b>(100,000)</b>	-
Unrealized gain (loss) on investments	<b>64,871</b>	(26,948)
	<b>(35,129)</b>	(26,948)
<b>Deficiency of revenue over expenses</b>	<b>(197,337)</b>	(268,261)

**ImagineAbility Inc.**  
**Schedule 5 - Non-Consolidated Schedule of Madison Business**  
**Revenues and Expenses**  
*For the year ended March 31, 2021*

	<b>2021</b> <i>(Unaudited)</i>	<b>2020</b> <i>(Unaudited)</i>
<b>Revenue</b>		
Business sales and services	<b>226,305</b>	710,718
Rental revenues	<b>34,484</b>	36,741
	<b>260,789</b>	747,459
<b>Expenses</b>		
Equipment repairs and maintenance	<b>11,862</b>	7,071
Postage and courier	<b>10,390</b>	9,697
Products and supplies	<b>73,314</b>	170,353
Salaries	<b>9,833</b>	-
	<b>105,399</b>	187,121
<b>Excess of revenue over expenses before other items</b>	<b>155,390</b>	560,338
<b>Other items</b>		
Government stimulus <i>(Note 5)</i>	<b>23,643</b>	-
<b>Excess of revenue over expenses</b>	<b>179,033</b>	560,338